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OMB-01 SS-20 SSO-00 NSCE-00 INRE-00 /120 W
---------- 050548
O R 211035Z NOV 73
FM AMEMBASSY SAIGON
TO SECSTATE WASHDC IMMEDIATE 9226
INFO AMEMBASSY BANGKOK
AMEMBASSY BUDAPEST
AMEMBASSY CANBERRA
AMEMBASSY JAKARTA
AMEMBASSY LONDON
AMEMBASSY MANILA
AMEMBASSY MOSCOW
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY PHNOM PENH
AMEMBASSY SEOUL
AMEMBASSY TOKYO
USIA WASHDC
AMEMBASSY VIENTIANE
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON
USDEL JEC PARIS
CIA
DIA
JCS
JUSMAAG
WHITE HOUSE
USAJFKCMA
AMCONSUL BIEN HOA
AMCONSUL CAN THO
AMEMBASSY TEHRAN
AMCONSUL DANANG
AMCONSUL NHA TRANG
USDAO SAIGON
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CINCPAC
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CINCUSARPAC
USLO PEKING
DEPCHIEF JUSMAAG

C O N F I D E N T I A L SECTION 1 OF 3 SAIGON 19813/1

E.O. 11652: GDS
TAGS: PINT PFOR ECON VS
SUBJECT. EMBASSY SAIGON'S MISSION WEEKLY,

BANGKOK ALSO PASS OSA; DEP ALSO FOR AID/W; CINCPAC FOR POLAD;
DOD-PRO USAJFKCMA ATTN: ATCS-WL-DSA

THE WEEK I N BRIEF

--PRESIDENT THIEU TO THE RESCUE OF FLOOD VICTIMS

--ANTI-COMMUNIST OR ANTI-THIEU? THE BUDDHIST CONGRESS WILL
DECIDE NEXT MONTH

--THE CORRUPTION BUSTING INSPECTORATE WILL TRY HARDER WITH
A NEW SLATE OF OFFICERS

--GVN/"PRG" BILATERALS REMAIN INTERRUPTED

--NEW FOREIGN MINISTER SPEAKS ON GVN FOREIGN POLICY GOALS

--SENATE PRESIDENT SPEAKS ON COMMUNIST AND GVN AIMS

--GVN SPOKESMAN ON EVENTS IN COMMUNIST VIET-NAM

--DRV-UPPER VOLTA DIPLOMATIC TIES

--AUSTRALIA AIDE DRV

--VIET CONG BLAST JAPANESE OVER VISA REFUSAL

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--ANTI-WARRIORS, FRENCH CP DELEGATION VISIT COMMUNIST-
OCCUPIED QUANG TRI

--AT LAST A DECLINE I THE RETAIL PRICE INDEX; BLACK MARKET
GOLD DOWN ALSO; POL USAGE CUTS

--RICE PRICE UP SLIGHTLY BUT ALL OTHER FOOD AT A BARGAIN

--GOLD AND CURRENCY DECLINES

--GVN MAKES OIL A SLIPPERY COMMODITY-- TOUGH TO PICK UP AND
HARD TO HOLD ON TO

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-- COMMERCIAL BANK CREDIT EXPANSION IN 1973

I. INTERNAL

A. THIEU VISITS FLOOD-STRICKEN AREA, DECREES GOVERNMENT HELP

DAN CHU, THE OFFICIAL NEWSPAPER OF PRESIDENT THIEU'S DEMO-CRACY PARTY, REPORTED THAT ON NOVEMBE 14 THE PRIME MINISTE SIGNED A DECREE CREATING AN INTERMINISTERIAL COMMISSION TO AID THE FLOOD VICITIMS OF CENTRAL VIET-NAM. THIS COMMISSION WILL BE HEADED BY DR. PHAN QUANG DAN, MINISTER OF STATE, AND MAY BRING TOGETHER REPRESENTATIVES OF THE MINISTRIES OF SOCIAL WELFARE, INTERIOR, AND DEFENSE AND THE CENTER FOR NATIONAL DEVELOPMENT. AN INITIAL SUM OF 460 MILLION PIASTERS ($900,000 U.S.) HAS BEEN SET ASIDE TO AID THE MORE THAN 200,000 VICTIMS, FOOD, BLANKETS, AND WARM CLOTHING HAVE BEEN RUSHED TO THE CENTRAL PROVINCES.

THIS DECREE WAS ISSUED AFTER PRESIDENT THIEU AND PRIME MINISTER KHIEM TOURED THE DISASTER AREA WITH A DELEGATION OF GOVERNMENT OFFICIALS.

B. AN QUANG BUDDHISTS PREPARE FOR DECEMBER NATIONAL CONGRESS

THE FIFTHE BI-ANNUAL NATIONAL CONGRESS OF THE AN QUAN FACTION OF THE UNIFIED BUDDHIST ASSOCIATION IS SCHEDULED FOR DECEMBER 10-12, 1973. THE FIRST ORDER OF BUSINESS WILL BE TO ELECT A NEW FIFTEEN-MEMBER HIGH SECULAR COUNCIL (HSC). THIS IS THE MOST IMPORTANT POLICY-MAKING BODY WITHIN THE CHURCH, AND THE HSC RECTOR IS TRADITIONALLY ITS SPOKESMAN ON LAY MATTERS INCLUDING POLITICS.

THE POSITION OF RECTOR IS BEING HOTLY CONTESTED THIS YEAR BETWEE N
"MODERATES" AND "RADICALS," WITH OTHER FACTIONAL INTERESTS AND PERSONAL RIVALRIES ALSO INVOLVED. AN QUANG REMAINS AS BADLY CONFIDENTIAL

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FACTIONALIZED AS EVER, AND THE OUTCOME IS TILL UNCLEAR. THE "MODERATE" INCUMBENT, ACTING RECTOR THIEN MINH, BADLY WANTS THE POSITION BUT HIS CANDIDACY IS SERIOUSLY HAMPERED BY THE DISLIKE IN WHICH HE IS HELD BY FELLOW CENTRAL VIETNAMESE BONZE TRI QUANG; BY HIS LESS THAN SPOTLESS PERSONAL REPUTATION; ND BY THE STRONG OPPOSITION OF A SOUTHERN, RADICAL ELEMENT WHICH CLAIMS THAT SINCE THE OTHER TOP AN QUANG POSITION, THAT OF SUPREME PATRIARCH, HAS GONE TO A CENTRAL VIETNAMESE, THE POST OF HSC RECTOR BELONGS TO THEM.

THIEN MINH HAS "RESIGNED" UNDER HEAVY FIRE FROM HIS OPPONENTS, BUT HE COULD "RE-ENTER" THE RACE. MORE LIKELY, THIEN MINH WILL BE ACCORDED SOME SUCH FACE-SAVING TITLE AS AS "SUPREME ADVISOR" WITH THE RECTORSHIP GOING TO THIEN HOA, A PLIABLE SOUTHERNER WHOM THE MODERATES FEAR WILL BE SUSCEPTIBLE TO INFLUENCE FROM HIS FELLOW SOTHERNERS, MOST OF WHOM BELONG TO THE "RADICAL" CAMP.

THE POLICY ISSUE DIVIDING "MODERATES" FROM "RADICALS" IS A VITAL ONE: WHETHER NOW IS THE TIME FOR THE CHURCH TO EMERGE FROM ITS RECENT LOW-PROFILE, STRONGLY ANTI-COMMUNIST STANCE, WHICH HAS BY AND LARGE BENEFITTED THE GVN, AND ADOPT A MORE MILITANT, FORWARD POLICY OF OPPOSITION TO THE THIEU GOVERNMENT. IF THE CONGRESS DEADLOCKS, THERE COULD BE A SWING TO TRI QUANG. WHATEVER HAPPENS, IT APPEARS THAT "MODERATE" INFLUENCE MAY DECLINE; THE QUESTION IS,

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BY HOW MUCH?

C. INSPECTORATE ELECTS 1973-74 OFFICERS
THE INSPECTORATE, THE CONSTITUTIONAL BODY CHARGED WITH INVESTIGATING CHARGE OF CORRUPTION, ELECTED ITS OFFICERS FOR THE 1973-74 TERM ON NOVEMBER 14. THE NEW CHAIRMAN IS 62-YEAR-OLD BUI HOA THUC, FORMERLY A MAGISTRATE BEFORE BECOMING AN INSPECTOR IN 1972. HE SUCCEEDS NGO XUAN TICH, LAST YEAR'S CHAIRMAN.

COMMENT: DESPITE CONTINUING EFFORTS AND SOME LOW-LEVEL SUCCESSES, THE INSPECTORATE HAS NOT FULFILLED THE CORRUPTION-BUSTING ROLE ORIGINALLY CONCEIVED FOR IT. IT CONSISTS OF EIGHTEEN MEMBERS CHOSEN IN EQUAL PARTS BY THE EXECUTIVE, THE NATIONAL ASSEMBLY, AND THE SUPREME COURT.

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AMEMBASSY VIENTIANE
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON
USDEL JEC PARIS
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DIA
JCS
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PART II. EXTERNAL

A. GVN/"PRG" BILATERALS REMAIN INTERRUPTED

THER HAS BEEN NO REPORT YET WHETHER THE GVN INTENDS TO ACCEPT THE "PRG" SUGGESTION THAT THESE CONSULTATIONS RESUME ON NOVEMBER 22. THE GVN DELEGATION HEAD, DEPUTY PRIME MINISTER NGUYEN LUU VIEN, RETURNED TO SAIGON FOR CONSULTATIONS ON NOVEMBER 14 AND NO DATE HAS BEEN ANNOUNCED FOR HIS RETURN TO PARIS. ON NOVEMBER 15 FOREIGN MINISTER VUONG VAN BAC TOLD THE SENATE BUDGET COMMITTEE THAT PRESIDENT THIEU HAD ORDERED REDUCED SPENDING FOR THE GVN DELEGATION TO THESE TALKS. PRESS SPECULATION THAT VIEN HAD RECOMMENDED THE GVN WITHDRAW FROM THESE TALKS AND THA IT MIGHT DO SO WAS DENIED BY A GVN SPOKESMAN ON NOVEMBER 16.

B. NEW FOREIGN MINISTER SPEAKS ON GVN FOREIGN POLICY GOALS

IN TESTIMONY BEFORE SENATE BUDGET COMMITTEE, NEW FOREIGN MINISTER VUONG VAN BAC SAID THAT GOALS OF GVN DIPLOMACY AND INFORMATION POLICY WOULD BE TO COUNTER VIETNAMESE COMMUNIST PROPAGANDA ABROAD, TO PREVENT THE VIET CONG FROM GAINING RECOGNITION FOR THEIR SO-CALLED "PRG" FROM ADDITIONAL FOREIGN COUNTRIES, TO EXPAND THE GVN'S DIPLOMATIC RELATIONS, AND TO OBTAIN ECONOMIC AID. (SAIGON 19621)

C. SENATE PRESIDENT SPEAKS ON COMMUNIST AND GVN AIMS

SENATE PRESIDENT, AND FORMER FOREIGN MINISTER,

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TRAN VAN LAM SPOKE NOVEMBER 14 TO CORRESPONDENTS FROM NEWSWEEK AND FRENCH GOVERNMENT RADIO AND TV. ACCORDING TO OFFICIAL VIETNAM PRESS LAM SAID THAT THE VIETNAMESE COMMUNISTS WERE STICKING TO ARMED FORCE AS A MEANS OF GAINING THEIR GOALS IN SOUTH VIET-NAM FOR THEY KNOW THEY WOULD LOSE A GENERAL ELECTION. THE OTHER SIDE'S PRESENT MILITARY ACTIVITY IS DESIGNED TO PROBE WORLD PUBLIC OPINION AND THE GVN'S ABILITY TO DEFEND ITSELF, AND TO PREPARE FOR A GENERAL OFFENSIVE AIMED AT EXERTING PRESSURE ON THE GVN/"PRG" BILATERAL TALKS ON A POLITICAL SETTLEMENT PRESENTLY TAKING PLACE IN FRANCE. LAM REVIEWED HIS EFFORTS IN PAST TO INITIATE DIRECT NEGOTIATIONS WITH DRV AND "PRG" FOREIGN MINISTERS WHICH HAS BEEN REJECTED AND SAID HE HOPED THAT WHEN THE OTHER SIDE REALIZED THAT THE GVN COULD NOT BE BROUGHT DOWN MILITARILY IT WOULD AGREE TO SERIOUS NEGOTIATIONS (FULL TEXT BY FBIS S160323).

D. GVN SPOKESMAN ON EVENTS IN COMMUNIST VIET-NAM

THE GVN SPOKESMAN HAD THE FOLLOWING COMMENTS TO MAKE DURING THE WEEK ON VARIOUS EVENTS TAKING PLACE IN "PRWGZ AND DRV: BREZHNEV'S PLANNED VISIT TO DRV IN 1974 WAS AN INTERNAL MATTER BETWEEN THE USSR AND THE DRV BUT THE GVN WOULD REACT IF HE CAME DOWN TO "PRG" TERRITORY; AUSTRALIAN HUMANITARIAN AID TO NORTH VIET-NAM MET WITH THE APPROVAL OF TH GVN WHICH HOPED THAT SOME COMMUNIST COUNTRIES WOULD FOLLOW THE AUSTRALIAN EXAMPLE AND EXTEND SUCH AID TO SOUTH VIET-NAM, PARTICULARLY AS IT WAS ARMS FURNISHED BY THEM WHICH HAD WROUGHT SO MUCH DEVASTATION IN SOUTH; PRG LEADER NGUYEN HUU THO WAS OUT OF STEP WITH TIMES IN DENOUNCING US WHILE VISITING PEKING FOR THE US AND THE PRC WERE NOW ON FRIENDLY TERMS; RECENT STATEMENTS BY DON LUCE AND CORA WEISS, MADE WHILE VISITING "PRG" TERRITORY, WERE NOT WORTH NOTING SINCE LUCE IS A LIAR AND THEIR ACCEPTANCE OF COMMUNIST LINE, SUCH AS NECESSITY FOR A COALITION GOVERNMENT, DEMONSTRATED THEIR NAIVETE.

E. DRV-UPPER VOLTA DIPLOMATIC TIES

RADIO HANOI, IN A NOVEMBER 16 BROADCAST, REPEATED A FOREIGN MINISTRY COMMUNIQUE OF THE SAME DATE ANNOUNCING THE ESTABLISHEMENT OF DIPLOMATIC RELATIONS AT THE AMBASSADORIAL LEVEL BETWEEN THE DRV AND UPPER VOLTA.

F. AUSTRALIA AIDS DRV

VNA REPORTED ON NOVEMBER 17 THAT AUSTRALIAN CHARGE

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WOODBERRY HAD TURNED OVER A SHIPMENT OF AUSTRALIAN AID GOODS TO NGUYEN XUAN TRUC OF THE "VIET-NAM COMMITTEE FOR RECEPTION OF WORLD PEOPLE'S AID." VNA SAID THE "GRATUITOUS AID" WAS "IN THE FORM OF VARIOUS COMMODITIES." (GVN REACTION REPORTED ABOVE.)

G. VIET CONG BALANT JAPANESE OVER VIXJ REFUSAL

THE VIETNAMESE COMMUNISTS CONTINUE TO ATTACK

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JAPAN'S INHOSPITALITY TOWARD THE SO-CALLED "PRG." THE
LATEST BLAST CAME IN A LIBERATION PRESS AGENCY (LPA) RELEASE
DATED NOVEMBER 19 IN WHICH THE GOJ WAS EXCORIATED FOR ITS
REFUSAL TO GRANT A VISA TO C VIET CONG REPRESENTATIVE TO
ATTEND A CONGRESS OF THE JAPANESE COMMUNIST PARTY
(JCP). LPA NOTED THAT OTHER COUNTRIES NOT RECOGNIZING
THE "PRG", SUCH AS BRITAIN, AUSTRALIA AND CANADA, HAD
"RECENTLY CREATED FAVORABLE CONDITIONS" FOR VIET CONG
VISITORS TO ENTER. ANOTHER EXAMPLE OF JAPANESE ILL WILL,
SAID LPA, IS ITS CONTINUING TO ALLOW THE US TO USE JAPANESE
PORTS TO TRANSFER "WEAPONS AND WAR MEANS" TO THE GVN. LPA
DEMANDED THAT THE LATTER BE HALTED AND THAT VISA PROCEDURES
BE EASED "IN ORDER TO CREATE FAVORABLE CONDITIONS FOR THE
DEVELOPMENT OF RELATIONS BETWEEN VIET-NAM AND JAPAN."
(COMMENT: THIS LINE ALONG WITH THE THREAT, VOICED EARLIER
IN THE LBH ITEM, THAT CONTINUATION OF PRESENT GOJ POLICIES
WOULD "CAUSE MORE DIFFICULTIES" TO THE DEVELOPMENT OF
RELATIONS SEEMS AIMED AT INFLUENCING ON-GOING GOJ-DRV
NEGOTIATIONS OVER THE ESTABLISHMENT OF RESIDENT DIPLOMATIC
MISSION IN TOKYO AND HANOI. THE DRV PROBABLY DOES NOT
EXPECT THAT IT CAN PRESSURE THE GOJ INTO RECOGNIZING THE
VIET-CONG, NOR DOES IT B43;3 T CAN FIGNIFICANTLY AFFECT
JAPANESE-US RELATIONS. BUT HANOI PROBABLY DOES BELIEVE THERE
IS A CHANCE IT CAN PERSUADE THE JAPANESE TO CHANGE ITS STANCE
WITH RESPECT TO VIET CONG VISITORS. END COMMENT).

H. ANTI-WARRIORS, FRENCH CP DELEGATIONS VISIT COMMUNIST-OCCUPIED QUANG TRI

ON NOVEMBER 10 AND 11, THREE PROMINENT FIGURES IN THE US
ANTI-WAR MOVEMENT VISITED DONG HA AND OTHER SITES IN THE
COMMUNIST-OCCUPIED ZONE OF NORTHERN QUANG TRI PROVINCE.
CORA WEISS, DON LUCE AND SAMUEL NOUMOFF WERE GUESTS AT A DINNER
STAGED BY VIET CONG FOREIGN MINISTER NGUYEN THI BINH.

ON NOVEMBER 14 A DELEGATION OF THE FRENCH COMMUNIST
PARTY HEADED BY ITS SECRETARY GENERAL, GEORGES MARCHAIS,
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ARRIVED IN DONG HA WHERE THE GUESTS WERE TREATED TO A "GRAND
MASS MEETING" AND WERE GIVEN AN "ENTHUSIASTIC WELCOME."
VIET CONG DEFENSE MINISTER TRAN NAM TRUNG AND MRS. BINH MET WITH
THE VISITORS. ACCORDING TO PRESS ACCOUNTS, MARCHAIS CONDEMNED
FRANCE'S REFUSAL TO RECOGNIZED THE VIET CONG'S "PRG."

I. THO VISITS PEKING

A VIET CONG DELEGATION, HEADED BY NLF CHAIRMAN
NGUYEN HUU THO AND INCLUDING FOREIGN MINISTER NGUYEN THI BINH
ARRIVED IN PEKING ON NOVEMBER 18. MEETING THE GUESTS WERE
PREMIER CHOU AND ASSORTED CHINESE AND FOREIGN NOTABLES.
LATER THAT DAY, CHO HELD TALKS WITH THO, MME. BINH AND OTHER

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DELEGATION MEMBERS AND, THAT EVENING, HOSTED A BANGUET
FOR THE VISITORS. ON NOVEMBER 19 A MASS RALLY WAS HELD AT
WHICH THO AND WU TE SPOKE AND, LATER, CHOU AND THO TALKED
SOME MORE. ON THE 20TH, AN AGREEMENT ON PRC
ECONOMIC AID TO THE VIET CONG DURING 1974 WAS SIGNED.
(COMMENT: TO THIS POINT NOTHING UNUSUAL HAS COME OF THE
VISIT, SAME WHAT WAS, PERHAPS, AND ERROR BY NCNA IN ITS
COVERAGE OF CHOU'S REMARKS AT THE NOVEMBR 18 BANQUET.
ACCORDING TO NCNA (FBIS OKINAWA B181526, NOVEMBER 73) CHOU
REFERRED TO THE "PRG" AS "THE AUTHENTIC REPRESENTATIVE OF THE SOUTH
VIETNAMESE PEOPLE," WHEREAS VIETNAMESE COMMUNIST
MEDIA INSIST ON THE PHRASE "SOLE AUTHENTIC..." OR "SOLE
GENUINE REPRESENTATIVE." IN ANY EVENT, NCNA'S REPORT OF
WU TE'S NOVEMBER 19 RALLY SPEECH HAD WU SAYING THAT THE
"PRG" IS THE "ONLSYAUTHENTIC REPRESENTATIVE OF THE SOUTH
VIETNAMESE PEOPLE." END COMMENT)

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III. ECONOMIC
A. GENERAL
THE WEEK SAW A WELCOME INTERRUPTION TO THE ALMOST
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UNITERRUPTED UPWARD TREND IN RETAIL PRICES OF RECENT MONTHS.
THE USAID RETAIL PRICE INDEX DECLINED 1 PERCENT, WITH FOOD
PRICES ALONE FALLING BY 1.7 PERCENT. BLACK MARKET CURRENCY
RATDI WERE ALSO OFF SLIGHTLY, WHILE GOLD PRICES DROPPED IN
REACTION TO THE ENDING OFSMHE TWO-TIER SYSTEM BY THE U.S. AND
EUROPE. MEANWHILE, ATTENTION CONTINUED TO BE FOCUSSED ON THE
ENERGY CRISIS. FOLLOWING TWO WEEKS OF INTENSIVE PRESS
SPECULATION, THE GOVERNMENT ON NOVEMBER 19 AND 20 ANNOUNCED STIFF
MEASURES TO CONTROL POL USAGE, INCLUDING PRICE INCREASES RANGING
FROM 25 TO 47 PERCENT, AND ACROSS-THE-BOARD CUTS IN SUPPLIES FOR
ALL CATEGORPES OF CIVILIAN CONSUMERS.
B. FOOD PRICES IN WIDESPREAD DECLINE
TPC SAID RETAIL PRICE INDEX REGISTERED A 1 PERCENT
DECLINE DURING THE WEEK, WITHHE FOOD PRICE PORTION OF THE INDEX
FALLING 1.7 PERCENT. RICE PRICES ROSE BY 1 PERCENT, BUT ELSEWHERE
DECLINES WERE WIDESPREAD RANGING AS HIGH AS 11
12 PERCENT

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ON SHRIMP AND SEA FISH. RESUMPTION OF NORMAL SUPPLY CONDITIONS, FOLLOWING THE DISRUPTION CAUSED BY THE TYPHOON OF THE PREVIOUS WEEK, WAS THE MAIN FACTOR IN THE DECLINING FOOD PRICES. THE NON-FOOD PORTION OF THE INDEX ROSE 0.3 PERCENT, WITH LAUNDRY SOAP AND TAILORING SERVICE (FOR AO DAIS) POSTING THE ONLY INCREASES. THE OVERALL INDEX HAS NOW RISEN 56 PERCENT FOR THE YEAR-TO-DATE.

C. GOLD AND BLACK MARKET CURRENCY

THE PRICE OF GOLD DECLINED SHARPLY FROM 73,500 TO 70,000 PIASTERS PER TAEL REFLECTING THE ELIMINATION OF THE TWO-TIER SYSTEM BY THE U.S. AND THE MAJOR EUROPEAN COUNTRIES AND THE ENSUING SHARP DECLINE IN BULLION PRICES ON THE EUROPEAN MARKETS. AT THAT, THE PRICE DECLINE IN SAIGON WAS CONSIDERABLY LESS PRONOUNCED THAN IN MAJOR GOLD MARKETS ABROAD. BLACK MARKET CURRENCY QUOTATIONS EDGED DOWN SLIGHTLY, THE FIRST DECLINE T
ANY SIZE IN 14 WEEKS. A U.S.$ 100 NOTE WAS WORTH 608 PIASTERS VS. 610 PIASTERS THE WEEK BEFORE. IN COMBINATION WITH THE 10 PIASTER INCREASE (TO 535) IN THE OFFICIAL RATE ANNOUNCED ON NOVEMBER 13, THIS MEANT A REDUCTION IN THE BLACK MARKET PREMIUM FROM 16.2 PERCENT TO 13.6 PERCENT.

D. POL POLICY

IN SEPARATE ANNOUNCEMENTS ON NOVEMBER 19 AND 20 THE GVN ANNOUNCED MEASURES DESIGNED TO CURTAIL THE CONSUMPTION OF POL AND, HOPEFULLY, EFFECT SIGNIFICANT FOREIGN EXCHANGE SAVINGS
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IN CY 1974. PRICES WERE INCREASED BY FROM 25 TO 47 PERCENT, DEPENDING ON PRODUCT TYPES. SUPER AND REGULAR GAS ARE NOW PRICED AT 145 AND 125 PIASTERS PER LITER, RESPECTIVELY, WHICH TRANSLATES TO THE EQUIVALENT OF $ 1.03 AND $ .88 PER GALLON AT THE 535 RATE. IN ADDITION TO THE PRICE INCREASES THE GOVERNMENT, ACTING N COORDINATION WITH THE OIL COMPANIES, DECREED A 10 PERCENT REDUCTION IN SUPPLY (AS COMPARED TO THIRD QUARTER, CY 1973) TO ALL CIVILIAN USERS, AND A 25 PERCENT REDUCTION IN CIVILIAN GOVERNMENT CONSUMPTION, THE LATTER TO BE ACCOMPLISHED WITHIN SIX MONTHS. AN INTER-MINISTERIAL COMMITTEE HAS BEEN ESTABLISHED UNDER THE DIRECTION OF MINISTER OF COMMERCE AND INDUSTRY CUONG TO OVERSEE POL POLICY. THE GVN WILL UNDERTAKE AN INTENSIVE CAMPAIGN OF EXHORTATION TO INDUCE VOLUNTARY REDUCTIONS IN CONSUMPTION, AND WLL CONSIDER THE APPLICATION OF FURTHER DIRECT MEASURES. THE LATTER, IN FACT, WILL ALMOST CERTAINLY BE NECESSARY IF FOREIGCT EXCHANGE EXPANDITURES ARE TO BE LIHTTED TO THE PROFESSED GOAL OF $100 MILLION IN 1974.

E. COMMERCIAL BANK CREDIT EXPANSION IN 1973

AS OF OCTOBER 6 (LATEST DATE FOR WHICH DATA ARE AVAILABLE) CREDIT OUTSTANDING AT THE COMMERCIAL BANKS HAD RISEN VN$ 53 BILLION, OR 60 PERCENT, OVER THE AMOUNT OUTSTANDING AT YEAR-END 1972. THERE HAS BEENA TENDANCY IN SOME QUARTERS TO INTERPRET THIS INCREASE AS AN INDICATION OF IMPROVING BUSINESS CONDITIONS. HOWEVER, THE MORE LIKELY EXPLANATION IS TWOFOLD: (1) INCREASED AMOUNTS OF CREDIT NEEDED TO FINANCE IMPORTS; AND (2) RISING STOCK LEVELS, AT LEAST DURING CERTAIN PERIODS OF THE YEAR. THE INCREASED

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CREDIT NEEDS OF IMPORTERS ARE APPARENT IN BOTH THE HIGHER DOLLAR VOLUME AND THE HIGHER PIASTER COSTS PER DOLLAR OF IMPORTED GOODS. RISING STOCK LEVELS HAVE BEEN CITED AS THE MAIN FACTOR BEHIND INCREASED CREDIT DEMAND ESPECIALLY DURING THE PERIOD MID-JULY TO MID-SEPTEMBER WHEN CREDIT OUTSTANDING ROSE BY VN$ 17 BILLION. FINAL SALES WERE SAID TO BE QUITE SLOW DURING THAT PERIOD AND MERCHANTS WILLING TO CARRY THEIR STOCKS AT THE PREVAILING LOW (RELATIVE TO PRICE INFLATION) RATES OF INTEREST.) MORE RECENTLY CREDIT OUTSTANDING HAS LEVELLED OFF, AT LEAST IN PART BECAUSE MANY BANKS ARE FULLY LOANED IN RELATION TO LOAN: DEPOSIT RATION REQUIREMENTS.

IN SUMMARY, THE SHARP CREDIT EXPANSION THIS YEAR HAS BEEN LARGELY RELATED TO THE HIGHER COST OF IMPORTS, BUT IN SO FAR AS IT REFLECTS BUSINESS CONDITIONS AT ALL THE INDICATIONS ARE MORE LIKELY UNFAVORABLE THAN FAVORABLE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 11 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISASTER RELIEF, POLITICAL STABILITY, ECONOMIC CONDITIONS, FLOODS, CENTRAL LEGISLATURE, RELIGIOUS GROUPS, PRG, PEACE TALKS, FOREIGN POLICY POSITION , PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: mcintyresh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
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Executive Order: 11652 GDS
Errors: n/a
Film Number: n/a
From: SAIGON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731166/abqcehtn.tel
Line Count: 563
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Reference: n/a
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Review Authority: mcintyresh
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2001
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Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
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Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUBJECT. EMBASSY SAIGON'S MISSION WEEKLY,
TAGS: PINT, PFOR, ECON, VS
To: STATE INFO BANGKOK
BUDAPEST
CANBERRA
JAKARTA
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